

**REPORT
 HIGHLIGHTS**
 FINANCIAL STATEMENT AUDIT

Subject

Maricopa County Community College District issues financial statements annually. The District is responsible for preparing financial statements, maintaining strong internal controls, and demonstrating accountability for its use of public monies. As the auditors, our job is to determine whether the District has met its responsibilities.

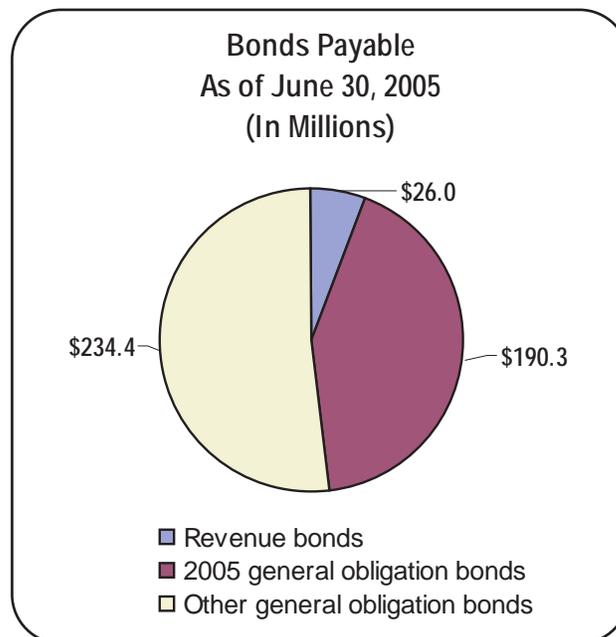
Our Conclusion

The information in the District's financial statements is fairly stated in all material respects, and the financial statements can be relied on.

**District Issues Over \$190
 Million in General
 Obligation Bonds**

During fiscal year 2005, the District issued over \$190 million of general obligation (G.O.) bonds. This is the first issue from \$951 million authorized by the voters of Maricopa County in November 2004. These bonds represent approximately 42 percent of the District's bonds payable at June 30, 2005. These bonds will mature between July 2006 and July 2019. The new bond issue increased the District's net G.O. bonded debt per capita from \$69 in fiscal year 2004 to \$113 in fiscal year 2005.

The District plans to spend the monies over the next 2 years to purchase land and improve infrastructure. Additional bonds will be issued in future years to continue capital expansion, improve the District's educational facilities, and finance equipment purchases.



2005

Year Ended June 30, 2005

Condensed Financial Information

The District's financial information is presented in three basic financial statements: Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

The Statement of Net Assets reports all assets and liabilities using the accrual basis of accounting, which is similar to the accounting that most private-sector institutions use. Net assets, the difference between assets and liabilities, are one way to measure the District's financial health. The summary to the right presents a condensed Statement of Net Assets as of June 30, 2005.

The Statement of Revenues, Expenses, and Changes in Net Assets presents the District's operating results, as well as nonoperating revenues and expenses. Revenues and expenses are classified as operating if they relate to the District's primary activities, such as instruction and public service. All other revenues and expenses, such as state appropriations, property tax revenues, and interest paid on capital debt, are considered nonoperating. The summary to the right presents the District's revenues and expenses for the year ended June 30, 2005.

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement helps users assess the District's ability to generate net cash flows to meet its obligations as they come due and the need for external financing. The summary to the right shows the net cash flows from each of the District's major activities.

Statement of Net Assets As of June 30, 2005 (In Millions)

Assets	
Current	\$209
Noncurrent, other than capital	264
Capital	<u>357</u>
Total assets	<u>830</u>
Liabilities	
Current	66
Noncurrent	<u>450</u>
Total liabilities	<u>516</u>
Net Assets	
Invested in capital assets, net of related debt	102
Restricted	93
Unrestricted	<u>119</u>
Total net assets	<u>\$314</u>

Revenues and Expenses For the Year Ended June 30, 2005 (In Millions)

Operating Revenues	
Tuition and fees	\$116
Government grants and contracts	77
Other operating revenues	<u>15</u>
Total operating revenues	<u>208</u>
Nonoperating Revenues	
Property taxes	296
State appropriations	51
Other	<u>36</u>
Total nonoperating revenues	<u>383</u>
Total revenues	<u>\$591</u>
Operating Expenses	
Educational and general	\$462
Auxiliary enterprises	60
Depreciation	25
Other	<u>4</u>
Total operating expenses	<u>551</u>
Nonoperating Expenses	
Interest expense on debt	<u>14</u>
Total expenses	<u>\$565</u>

Cash Flows For the Year Ended June 30, 2005 (In Millions)

Cash Flows from	
Operating activities	\$(316)
Noncapital financing activities	366
Capital and related financing activities	140
Investing activities	<u>(189)</u>
Net increase in cash	<u>\$ 1</u>

TO OBTAIN MORE INFORMATION

A copy of the full report
can be obtained by calling
(602) 553-0333



or by visiting
our Web site at:
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REPORT HIGHLIGHTS FINANCIAL STATEMENT AUDIT

Year Ended June 30, 2005